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Comptroller of the Currency  
Administrator of National Banks

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Central District Office  
One Financial Place, Suite 2700  
440 South LaSalle Street  
Chicago, Illinois 60605

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

December 31, 1996

National City Bank of Dayton  
Charter Number 1788  
6 North Main Street  
Dayton, Ohio 45412-2790

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **National City Bank of Dayton** prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of **December 31, 1996**. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

### Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

## ABBREVIATIONS

The following abbreviations are used in this Public Evaluation:

ATM	-	Automated Teller Machine
CRA	-	Community Reinvestment Act
HMDA	-	Home Mortgage Disclosure Act
MSA	-	Metropolitan Statistical Area
NCBD	-	National City Bank of Dayton
NCC	-	National City Corporation
NCCDC	-	National City Community Development Corporation
SBA	-	U.S. Small Business Administration

## ASSIGNMENT OF RATING

### Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

#### Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

#### Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

## DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated:

### **Outstanding record of meeting community credit needs.**

**Evaluation Period** - The bank's previous Public Disclosure was dated April 30, 1995. The current disclosure evaluates the bank's performance from April 30, 1995 through December 31, 1996. National City Bank of Dayton (NCBD) manages its obligations under the CRA as a distinct legal entity. It does not rely in any fundamental way on the lending activities of affiliated lenders for the rating contained in this Public Disclosure. It does rely on National City Community Development Corporation (NCCDC), an affiliate, for a portion of its community development activities discussed in this Performance Evaluation.

**Bank Profile** - NCBD is a wholly-owned subsidiary of National City Corporation (NCC), a multi-bank holding company headquartered in the City of Cleveland, Cuyahoga County, Ohio. NCC operates 11 commercial banks in Ohio, Indiana, Kentucky, and Pennsylvania. As of December 31, 1996, NCC had assets of \$51 billion.

NCBD's primary lending focus is centered in real estate secured credits, as 48% of average gross loans are represented in this category. Loans to individuals for consumer purposes represent 26% of average gross loans. Commercial and industrial loans represent 21% of average gross loans. NCBD's loan to deposit ratio was 126% as of December 31, 1996. This compares to just 81% for similar institutions.

Table 1 shows pertinent financial information for the period under review.

**Table 1. Year-end Assets, Income, and Return on Assets**  
\$(millions)

	<b>1995</b>	<b>1996</b>
<b>Average Assets</b>	\$2,267	\$2,382
<b>Net Income</b>	\$25	\$30
<b>Return on Average Assets</b>	1.08%	1.26%

Source: Consolidated Report of Income and Condition

**Community Profile** - NCBD delineates its local community based on geographical boundaries and branch locations. As of December 31, 1996, NCBD's community delineation includes portions of the Cincinnati, Ohio, Metropolitan Statistical Area (MSA) (#1640) and the Dayton-

Springfield, Ohio MSA (#2000). This area includes all of Montgomery County and portions of Clark, Greene, Miami and Warren Counties. As of the 1990 census, the median family income for the delineated area was \$36,177. The area consists of 198 census tracts, as follows:

**Table 2. Census Tract Characteristics**

<b>Tract Characteristics</b>	<b>Number of Tracts</b>	<b>% of Total Tracts</b>	<b>% of Total Population</b>	<b># of Housing Units</b>
<b>Low- and Moderate-income (&lt;80% of Median)</b>	51	26%	23%	76,362
<b>Middle-income (80 to 120%)</b>	95	48%	49%	161,132
<b>Upper-income (&gt;120%)</b>	51	26%	28%	87,512
<b>Not applicable</b>	1	-	-	-

Source: 1990 U.S. Census

Table 3 shows additional demographic information for NCBD’s delineated community. This table shows that the delineated community includes a high level of occupied housing units and owner-occupied housing units at 94% and 62%, respectively.

**Table 3. Demographic Information for NCBD’s Delineated Community**

	<b>Totals</b>
<b>Population</b>	797,294
<b># housing units</b>	325,009
<b># occupied housing units</b>	307,276
<b># owner-occupied housing units</b>	202,194

Source: 1990 U.S. Census, MSA demographics

Unemployment rates for the delineated community are approximately 4%, lower than the 4.8% unadjusted unemployment levels in the State of Ohio. Dominant industries include services, retail trade, manufacturing, and government.

Some of the largest employers in the area are Wright-Patterson Air Force Base, General Motors/Delphi Interior & Lighting Systems, Airborne Express, Elder-Beerman Stores, and NAVISTAR International Transportation Corporation.

Strong competition in the financial services industry is provided by several large regional banking companies.

**Community Credit Needs** - Our evaluation included contacts with representatives from local community social services agencies. These contacts were used to identify community credit needs. The most pressing needs identified were for affordable housing and small business loans. These credit needs have also been identified by the bank. See Assessment Factors I, J, and H for NCBD's responses to these credit needs.

## **I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS**

***Assessment Factor A** - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.*

- **NCBD has established an effective program of outreach to its local communities, which enables it to be aware of credit needs on an ongoing basis.**

Management ascertains credit needs through a variety of means, including contacts with a wide variety of community representatives and officer participation in community and business organizations. NCBD maintains ongoing, meaningful contacts with community representatives throughout its delineated area.

On an annual basis, NCBD coordinates a CRA meeting with community representatives. Participants include area realtors, government officials, neighborhood leaders, and representatives of civic associations. Management obtains feedback from these individuals about community credit needs and the effectiveness of the bank in addressing these needs.

NCBD maintains a formal calling program, which includes calling on Community Development Corporations and realtors of low- to moderate-income home buyers. Management receives valuable feedback from officers who are involved in a variety of community organizations. Its network of community contacts and relationships allow for ongoing feedback about community credit needs.

The primary credit needs identified through outreach efforts were affordable housing and small business loans. Programs addressing these needs are discussed in Assessment Factors I, J and H.

***Assessment Factor C** - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.*

- **The Board of Directors takes an active role in the formulation of CRA policies and practices.**

CRA is an integral part of the Board and management planning process. A formal, written CRA program exists. This program includes policy statements, goals and objectives for each service area, and a CRA Officer. An effective annual self-assessment process is in place. The Board and senior management are apprised of the bank's CRA program on an ongoing basis through periodic reports and the self-assessment program.

The Board of Directors has adopted the CRA policy developed by NCC. This policy is then customized to create the bank's CRA program. The Board and Senior management are actively involved in the development of the CRA program through their respective committees, the Board Public Policy Committee and the Management Public Policy Committee. Both committees provide active oversight of the CRA program. The CRA program is reviewed and adopted by the full Board of Directors on an annual basis.

NCBD is in compliance with the technical requirements of CRA. The current CRA statement was approved by the Board of Directors May 21, 1996.

## **II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED**

***Assessment Factor B** - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.*

- **NCBD makes a strong effort to ensure that its entire community is aware of the products and services it offers.**

NCBD develops a formal marketing plan annually. The plan is designed to promote products tailored to meet the particular credit needs ascertained in the community. A variety of media sources are used to ensure community awareness of NCBD's loan and deposit products.

Primary vehicles used in advertising efforts include: targeted advertisements; involvement in housing expos and community events; direct mailings to realtors, consumers, and small businesses; small business seminars and trade shows; small business call program; and the distribution of the National City Bank Community and Small Business Success Stories Newsletters.

Marketing is done through the traditional media of newspaper, radio, magazines, publications, and television/cable, as well as an extensive network of community groups and realtors. Media selection is designed to inform the entire community and does not exclude any low- or moderate-income areas. Both image and targeted methods are used to market NCBD's products and services throughout the community. Products are also marketed through its extensive branch network, point of sale posters, and alternative delivery vehicles such as its telephone banking and database marketing.

Targeted methods are used to market products designed to meet the needs of low- and moderate-income consumers. Media used in these instances are newspaper, local community publications, and radio.

NCBD participates in and sponsors several programs which inform consumers of real estate mortgage products available, including a home buyers fair and mortgage credit counseling program. These programs provide seminars on home ownership, fair housing, debt counseling and the loan application process. They focus on inner city and low- and moderate-income neighborhoods.

NCBD targets advertising to the small business market through advertisements placed in magazines and other publications. Examples of these are Business News, Dayton Business Reporter, and Small Business News.

***Assessment Factor I** - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans and small business loans.*

- **NCBD's origination of mortgage, home improvement, and small business loans within its community reflects a strong level of responsiveness to identified credit needs.**

NCBD offers a variety of consumer and commercial loan products to address identified credit needs. The CRA Statement correctly lists available credit products. These products are readily available throughout the delineated community. A partial listing of available credit products follow. For a more complete listing the reader should refer to the bank's CRA Statement.

- Commercial: term loans; lines of credit; letters of credit; and Small Business Administration (SBA) guaranteed loans
- Residential Real Estate: conventional financing for 1-4 family, owner-occupied dwellings and special programs for low- and moderate-income consumers
- Consumer: motor vehicle loans; home improvement loans; personal loans; and student loans

NCBD is an active mortgage loan originator. Table 4 illustrates the mortgage loan activity generated during 1995 and 1996. The table includes the RIGHT loans that are discussed below.

**Table 4. Housing-Related Loan Originations**

	1995		1996	
	#	\$(millions)	#	\$(millions)
<b>Mortgage</b>	1,023	\$85	975	\$105
<b>Home Improvement</b>	2,458	\$14	2,114	\$16
<b>Total</b>	3,481	\$99	3,089	\$121

Source: Internal Bank Reports

**RIGHT Loans** - The bank has two loan products designed to help meet the need for affordable mortgage financing. These products are the RIGHT loan and the Fresh Start loan. The RIGHT loan is a low down payment product for home purchase. Prior to 1996, the bank did not require a down payment. This was changed to a 3% down payment in 1996. This accounts for the major decline in originations as shown in Table 5. The Fresh Start product is a purchase-rehab loan program designed for inner city homes in need of major rehabilitation. Fresh Start loans are internally classified as RIGHT loans. In 1995 and 1996, NCBD made 67 Fresh Start loans totaling \$3.4 million.

**Table 5. RIGHT Loan Originations**

	#	\$(000)
<b>1995</b>	434	\$22,379
<b>1996</b>	238	\$13,070
<b>Total</b>	672	\$35,449

Source: Internal Bank Reports

NCBD is active in helping meet the credit needs of small businesses. The Business Services Group primarily services the financial needs of businesses with annual sales below \$5 million. As of December 31, 1996, this department had \$60 million in loans outstanding to small businesses, which are generally defined as those with revenues of less than \$1 million. During 1995, 223 loans were originated totaling \$20.1 million. Loans to small businesses grew in 1996 as 295 loans were originated totaling \$33.2 million. These numbers relate to the Business Services Group only.

Table 6 illustrates the number and dollar volume of loans by size of loan. For example, there were 1,137 loans aggregating \$38.2 million where the original amount of each loan was less than \$100 thousand. The table includes the total number and dollar amounts from the Business Services Group discussed earlier.

**Table 6. 1996 Small Business Loans**

	#	\$(000)
<\$100,000	1,137	\$38,159
>\$100,000 & ≤ \$250,000	215	\$37,306
>\$250,000	190	\$93,414
<b>Total</b>	<b>1,542</b>	<b>\$168,879</b>

Source: Internal Bank Reports

**Desktop Banking** - In 1996, a new product was offered to small businesses called Desktop Banking. This product provides small businesses account information 24 hours a day, thereby providing better cash management. NCBD provided 26 Desktop Banking software packages to businesses in 1996. While the product was originally marketed to small businesses, it is now available to all business customers.

NCBD is not an active small farm lender. Small farm loans were not identified through the ascertainment program as a credit need.

***Assessment Factor J** - The institution's participation in government insured, guaranteed or subsidized loan programs.*

- **NCBD's participation in government programs is strong.**

NCBD is actively involved in several programs sponsored by government agencies whose purposes are to assist in financing small businesses and home ownership, as illustrated in Table 7.

**Table 7. Participation in Government Programs**

Program	1995		1996	
	#	\$(000)	#	\$(000)
<b>citywide Development Corp</b>				
<b>504</b>	2	\$1,200	1	\$80
<b>Direct</b>	10	\$787	8	\$1,706
<b>County Corp</b>				
<b>504</b>	5	\$1,748	6	\$3,337
<b>Direct</b>	2	\$270	0	\$0
<b>State of Ohio 166</b>	3	\$607	1	\$137
<b>Dayton Neighborhood Lending</b>				
<b>Down Payment Assistance</b>	12	\$444	21	\$817
<b>Home Improvement</b>	107	\$527	70	\$422
<b>Green County Development Corp</b>				
<b>504</b>	0	\$0	1	\$1,662
<b>Kettering First Time Home buyer</b>	2	\$153	3	\$175
<b>Linked Deposit Loans</b>	47	\$7,464	59	\$9,414
<b>SBA A</b>	25	\$3,533	20	\$2,889
<b>Clark County Development Corp</b>				
<b>504</b>	0	\$0	1	\$381
<b>Total</b>	215	\$16,733	191	\$21,020

Source: Internal Bank Reports

**Citywide Development Corporation** - Citywide is the development financing arm of the City of Dayton. Citywide promotes job creation by assisting the expansion of small and middle market businesses through the use of private/public partnerships. Citywide participates in SBA 504 loans, direct loans (in conjunction with local lenders), Micro enterprise loans, and State 166 loan programs. In 1995, NCBD originated the largest total number and volume of loans of any local lender. In 1996, NCBD ranked first in the number of loans originated. A total of 351 jobs were created and/or retained through NCBD's lending efforts.

**SBA 504** - This program promotes economic development through job creation and retention. Long-term fixed asset financing is provided in a layered transaction. A bond guaranteed by the SBA is sold to provide up to 40% of the funds at a reduced rate. The bank provides the remainder of the funds and receives a first lien on the collateral.

NCBD has participated with Citywide, County Corp, Green County Development Corp and Clark County Development Corp in these transactions.

**State of Ohio 166 Loan Program** - This program provides direct loans of less than \$200 thousand to businesses located or expanding in Ohio that will create new jobs. Funds may be used for land and building acquisition, expansion, renovation, or equipment purchases. The program permits banks to make long-term, low fixed-rate loans for smaller projects. NCBD was the largest lender of Ohio 166 loans in its market in 1996.

**County Corp** - County Corp is the development financing arm for Montgomery County. Its purpose is similar to Citywide and covers all of Montgomery County, excluding the City of Dayton. NCBD originated the largest number of loans through County Corp of any lender in 1995 and the largest number and dollar amount of loans in 1996.

**The City of Dayton's Neighborhood Lending Down payment Assistance Program** - The City of Dayton provides 3% of down payment funds for loans up to \$60 thousand to purchase or purchase/rehab single family homes within the city. Income limits of 80% of median income levels apply for homes outside targeted areas. There are no limits on income within targeted areas.

**The City of Dayton's Neighborhood Lending Home Improvement Loan Program** - This program provides below market rates for home improvement loans to consumers who live in the City of Dayton.

**Kettering First Time Home buyer** - NCBD participates in this program to assist low- and moderate-income first time home buyers. Down payment and closing cost assistance is provided to borrowers.

**Linked Deposit Program** - NCBD is the most active participant in this program in Southwest Ohio. This program provides interest rate subsidies for small businesses which employ fewer than 150 people. Loans must create or retain one full-time equivalent job for every \$15 thousand to \$25 thousand requested for fixed assets, working capital, or debt refinancing.

**Small Business Administration 7(a)** - NCBD is a "preferred lender". This designation permits the bank to streamline the approval process. The 7(a) program is for the financing of small business working capital, purchase of inventory, contracts, or the purchase of fixed assets. NCBD is a leader in the 7(a) program in its delineated community.

### III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

#### **Reasonableness of Delineated Community**

NCBD's delineated area, as defined previously in the evaluation, is reasonable and does not arbitrarily exclude low- and moderate-income areas.

***Assessment Factor E** - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.*

- **The geographic distribution of NCBD's credit extensions, credit applications, and denials is very good. NCBD has received applications and has extended credit throughout the delineated community.**

Tables 9 through 15 illustrate the distribution of various residential mortgage products that are reported on Home Mortgage Disclosure Act Loan Application Registers (HMDA-LAW). This information is only reported for applications and loans within MSAs. Market share information is based on number of loans originated by all providers of mortgage products within the MSAs.

Numbers of loans, rather than the dollar amount of those loans, are used for this analysis. They are most meaningful for comparison purposes as they are more indicative of the number of borrowers being served.

Census tract characteristics were identified under the Community Profile section of this report.

Tables 8 and 9 show a leadership position in the market for low- and moderate-income borrowers as well as for in low- and moderate-income census tracts. The market share analysis focuses on 1995. Comparable information for 1996 is not yet available.

**Table 8. 1995 Market Share by Tract Characteristics**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total</b>
	<b>% Rank</b>	<b>% Rank</b>	<b>% Rank</b>	<b>% Rank</b>
<b>Purchase Money Applications</b>	10.16 (1)	4.21 (7)	3.51 (7)	4.75 (4)
<b>Purchase Money Loans</b>	14.72 (1)	5.72 (5)	4.28 (5)	6.17 (4)
<b>Home Improvement Applications</b>	29.21 (2)	30.60 (1)	35.79 (1)	31.25 (1)
<b>Home Improvement Loans</b>	28.38 (2)	29.53 (1)	35.47 (1)	21.92 (2)
<b>Total Applications</b>	13.93 (1)	10.17 (1)	8.67 (2)	10.44 (1)
<b>Total Loans</b>	15.76 (1)	11.00 (1)	9.69 (3)	11.28 (1)

Source: HMDA-LAW

**Table 9. 1995 Market Share by Borrower Income Characteristics**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total</b>
	<b>% Rank</b>	<b>% Rank</b>	<b>% Rank</b>	<b>% Rank</b>
<b>Purchase Money Applications</b>	7.85 (4)	3.90 (6)	4.39 (5)	4.75 (4)
<b>Purchase Money Loans</b>	8.85 (4)	4.53 (5)	5.35 (5)	6.17 (4)
<b>Home Improvement Applications</b>	31.19 (1)	31.81 (1)	33.18 (1)	31.25 (1)
<b>Home Improvement Loans</b>	29.89 (1)	30.46 (1)	33.00 (1)	21.92 (2)
<b>Total Applications</b>	13.57 (1)	10.82 (1)	10.14 (1)	10.44 (1)
<b>Total Loans</b>	13.31 (1)	10.48 (1)	10.64 (2)	11.28 (1)

Source: HMDA-LAR

Also considered in this evaluation is the total number of HMDA-reportable loans that NCBD originated within various census tracts and to borrowers of various income levels. In 1995, this distribution was available only for loans originated within MSAs. The 1996 tables include all of the delineated community. NCBD originated an additional 441 loans outside of MSAs #1640 and #2000 in 1995, which are not included in the analysis below. Tables 10 and 12 illustrate that the overall level of lending by income characteristics of census tracts is reasonable. Tables 11 and 13 illustrate that NCBD is a reasonable lender to low- and moderate-income individuals. Income levels of borrowers and families are irrespective of where they live within the community.

**Table 10. Loan Originations by Tract Characteristics - 1995**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total</b>
<b>Number of Loans</b>	654	1,520	866	3,040
<b>% of Loans Originated</b>	22%	50%	28%	
<b>% of Total Tracts</b>	26%	48%	26%	
<b>% of Housing Units</b>	23%	50%	27%	

Source: HMDA-LAR

**Table 11. 1995 Loan Originations by Borrower Income Characteristics**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total</b>
<b>Number of Loans</b>	1,041	854	1,099	3,040*
<b>% of Loans Originated</b>	34%	28%	36%	
<b>% of Families</b>	36%	24%	40%	

Source: HMDA-LAR

\* Total includes 46 loans where borrower income information was not available.

**Table 12. 1996 Loan Originations by Tract Characteristics**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total</b>
<b>Number of Loans</b>	478	1,321	983	2,782
<b>% of Loans Originated</b>	17%	48%	35%	
<b>% of Total Tracts</b>	26%	48%	26%	
<b>% of Housing Units</b>	23%	50%	27%	

Source: HMDA-LAR

**Table 13. 1996 Loan Originations by Borrower Income Characteristics**

	<b>Low/Mod</b>	<b>Mid</b>	<b>Upper</b>	<b>Total*</b>
<b>Number of Loans</b>	838	734	1,135	2,782
<b>% of Loans Originated</b>	30%	26%	41%	
<b>% of Families</b>	36%	24%	40%	

Source: HMDA-LAR

\* Includes 75 loans where borrower income information was not available.

Table 14 compares the total amount of consumer deposits generated in low/moderate-, middle- and upper-income geographies to the amount of consumer, mortgage and total loans in those same geographies. This analysis represents number of accounts and percentage of total accounts. The analysis is based on loans outstanding as of year-end 1996, and does not reflect loans that may have been sold to third parties. The table illustrates that NCBD is generating loans in each income geography to the same extent it receives deposits.

**Table 14. 1996 Distribution Analysis**

	Low/Mod		Mid		Upper	
	#	%	#	%	#	%
<b>CONSUMER DEPOSITS</b>	28,188	17%	75,241	44%	65,935	39%
<b>Consumer Mortgage Loans</b>	1,235	19%	2,933	44%	2,485	37%
<b>Other Consumer Loans</b>	11,950	16%	34,533	47%	27,209	37%
<b>TOTAL CONSUMER LOANS</b>	13,185	16%	37,466	47%	29,694	37%

Source: Internal Bank Reports

***Assessment Factor G*** - *The institution's record of opening and closing offices and providing services at offices.*

- **NCBD's branch offices are reasonably accessible and have a good record of providing services to all segments of the community.**

NCBD has 31 full service offices located throughout the community. All of these offices have Automated Teller Machine(ATM) services and 24 have drive-in service. There are three separate drive-in facilities and many freestanding ATM stations. Six offices are in low- or moderate-income census tracts. Most offices are open six days per week, with extended hours on Friday and limited hours on Saturday. The Bellbrook-Sugarcreek and Indian Ripple offices also have Sunday hours.

During the review period, NCBD closed two offices and opened three. The Riverdale Office was the only office closed which was located in either a low- or moderate-income census tract. Customer accounts were transferred to nearby offices for both branches closed. Customers were not significantly impacted by either closure. There are nine other branches within three miles of the closed Riverdale Office.

NCBD complied with the NCC branch closing policy, which requires detailed analysis of the effect of the closings on the customer base of the branch. The institution's record of closing offices has not had an adverse impact on its local community.

NCBD also opened three offices in middle- and upper-income census tracts, in Dayton and Beavercreek, Ohio. These locations provide additional and convenient accessibility for customers.

In addition to the branch network available to provide banking services to its community, NCBD offers 24-hour customer service.

NCBD offers a low cost lifeline checking product for customers with limited banking needs. As of December 31, 1996, NCBD had 4,950 of these accounts opened with an average balance of approximately \$500. Twenty-seven percent of these accounts were held by individuals living in low- and moderate-income areas.

#### **IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES**

***Assessment Factor D** - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).*

- **NCBD does not discourage credit applicants on a prohibited basis.**

NCBD affirmatively solicits credit applications from all segments of its community, including low- and moderate-income areas. Policies, procedures, and intense training promote fair lending. NCBD has established a fair lending committee to oversee lending policies, activities, and training.

Training in fair lending laws and principles is provided to all applicable employees. NCBD has implemented procedures, such as second review of denied loan applications, in order to detect and address potential discriminatory practices.

***Assessment Factor F** - Evidence of prohibited discriminatory or other illegal credit practices.*

- **NCBD is in compliance with fair lending and fair housing laws and regulations. No violations or illegal practices were noted.**

Our examination included testing for compliance with the ECOA and the Fair Housing Act. We performed a review of direct home improvement loan applications, testing for illegal discrimination based on race of the applicant. We reviewed a sample of denied applications from black applicants which were received by NCBD during the second half of 1996. We compared these to a sample of approved white applicants, testing for non-discriminatory application of the bank's credit scoring system. Our review found no evidence of illegal discrimination.

## V. COMMUNITY DEVELOPMENT

***Assessment Factor H** - The institution's participation, including investments, in local community development and redevelopment projects or programs.*

- **NCBD actively participates in community development projects through its community development affiliate, NCCDC.**

During the review period, NCCDC provided equity to finance low-income housing tax credit projects. Since 1982 NCCDC has purchased over \$4 million in low-income housing tax credits and has provided additional sources of financing for projects that have produced over 500 units of housing. Examples of NCCDC projects are:

- Lyons Gate Apartments - this is a 240 unit mixed market rate and low-income housing development located in Miamisburg, Ohio. NCCDC purchased \$2.3 million in low-income housing tax credits to help fund this \$15.5 million project.
- Hawthorne School - this is a rehab of an old school building to be used for both market-rate and low-income apartments. The project is located in Dayton, Ohio. NCCDC purchased 100% of the historic tax credits totaling nearly \$300 thousand for this project with a total cost of \$1.6 million.

NCBD has also been very active in providing financing for community development projects, in particular affordable housing. During 1995 and 1996, NCBD provided financing of over \$20 million for several projects. Examples of these are as follows:

- Cobblegate Square - a 132 multifamily affordable housing project located in Moraine, Ohio. NCBD provided a construction loan for this project in the amount of \$5.6 million. St Mary's Development Corporation is the general partner.
- St. Leonard Center - this is a 100-unit low-income housing project for senior citizens located in Centerville, Ohio. NCBD provided construction loan financing for this \$5 million project.
- St. Vincent DePaul - this is a purchase/rehab of an industrial warehouse which is being converted into a job training center for people getting off welfare. NCBD provided a \$1.1 million construction loan and a letter of credit for bond financing of \$14 million.
- Various - NCBD provided approximately \$1 million in financing to local Neighborhood Development Corporations for rehab.

NCBD is very active in charitable giving to organizations that help improve the community. This is especially true for organizations with a community development focus. Over \$113 thousand was donated in 1995 and 1996 to organizations with a community development focus. These donations helped revitalize homes and neighborhoods, provided mortgage credit counseling, and strengthened the local economy/business.

***Assessment Factor K** - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.*

- **There are no financial impediments which inhibit NCBD's efforts to help meet the credit needs of its delineated community.**

NCBD participates in CRA activities commensurate with its size and financial capacity. The Community and Bank profiles detailed earlier provide further information on the financial trends of the institution and the local economy.

***Assessment Factor L** - Any other factors that, in the regulatory authority's judgement, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.*

- **None Noted.**